

**PROPOSED
RULE AND REGULATION 31**

**EDUCATIONAL REQUIREMENTS FOR
INSURANCE AGENTS-PRODUCERS**

SECTION

1. Purpose
2. Authority
3. Applicability and Scope
4. Effective Date
5. Course Requirements
6. Instructor Qualifications
7. Course Provider Requirements
8. Program Review
9. Licensing Procedure of Applicant
10. Completion of Course Requirements
11. Violations
12. Severability

Appendices 1 to 4

<u>Appendix 1</u>	<u>Application for Approval As Course Provider</u>
<u>Appendix 2</u>	<u>Change in Curriculum or Instructor or Proctor</u>
<u>Appendix 3(A)</u>	<u>Life</u>
<u>Appendix 3(B)</u>	<u>Accident, Health, and Sickness</u>
<u>Appendix 3(C)</u>	<u>Casualty</u>
<u>Appendix 3(D)</u>	<u>Property</u>
<u>Appendix 3(E)</u>	<u>Personal Lines (Non-Commercial)</u>
<u>Appendix 4</u>	<u>Application for Approval as Instructor or Proctor</u>

*Note, these forms are listed here for convenience and are not exhibits to this Rule. They are the prescribed forms for use and are available at the Department.

They may be found as documents independent of this Rule on the Department's website, at:

<http://www.insurance.arkansas.gov/License/divpage.htm>

SECTION 1. PURPOSE

The purpose of this rule ~~and regulation~~ ("rule") is to implement Act 534 of 1983, as amended, ~~and Ark. Code Ann. §23-64-202(b)(2), as amended by Act 1948 of 2005,~~ by establishing curricula for courses of instruction required to be completed by applicants seeking insurance ~~producer~~ licenses in Arkansas, to establish criteria for approval of course providers of the courses of instruction, ~~and to establish a mechanism of examination and review of the performance and quality of the instruction, and to delineate the areas of responsibility of the Insurance Advisory Examining Board.~~

SECTION 2. AUTHORITY

This rule is used pursuant to the authority vested in the Commissioner under Ark. Code Ann. Sections 23-61-108, 23-74-101, ~~et seq.~~, 23-75-101, ~~et seq.~~, 23-76-101, ~~et seq.~~, 25-15-202, ~~et seq.~~, and Act 534 of 1983, as amended, and codified as Sections 23-64-201, ~~et seq.~~, ~~and §§23-64-501, et seq.; and; 23-64-202, as amended~~

by Act 1948 of 2005.

SECTION 3. APPLICABILITY AND SCOPE

I. Applicability.

- A. ~~This Rule shall apply to insurance producers, including original license applicants or currently-licensed applicants seeking an additional license, which for purposes of this rule shall be deemed to include all who are referred to collectively as insurance producers (or just "producers") under the Producer License Model Act ("PLMA"), Ark. Code Ann. §§23-64-501, et seq.~~
- B. This rule shall also apply to:
1. ~~all applicants seeking a license as an insurance agent, broker, solicitor, producer, and consultant, and~~
 2. ~~all applicants seeking a license as a health maintenance organization ("HMO") agent, producer, or as a producer for a limited benefit health maintenance organization, except those specifically exempted pursuant to the provisions of Arkansas law. This rule is intended to complement the provisions of Rule 35, "Agent License for Health Maintenance Organizations", but is not intended to supersede it;~~
 3. ~~and all applicants seeking a license as a fraternal benefit society agent producer, except those specifically exempted pursuant to the provisions of Arkansas law;~~
 4. ~~all applicants seeking a license as a producer for a hospital or medical service corporation; and This rule is intended to complement the provisions of Rule and Regulation 5, "Agent License for Health Maintenance Organizations", and is not intended to supersede Rule and Regulation 35;~~
 5. ~~all applicants who are producers from another state, and who are not licensed as a producer under the Producer License Model Act, shall be required to comply with this rule in order to secure any new resident or non-resident producer license.~~

II. Exemptions. The following are exempt from this Rule:

- A. ~~insurance adjusters, pursuant to Ark. Code Ann. §23-64-202(b)(2)(A)(iii)(d);~~
- B. ~~limited adjusters, pursuant to Ark. Code Ann. §23-64-202(b)(2)(A)(iii)(d);~~
- C. ~~insurance consultants, pursuant to Ark. Code Ann. §23-64-202(b)(2)(A)(iii)(d);~~
- D. ~~surplus line brokers licensed pursuant to Ark. Code Ann. §§23-65-301, et seq., and Department Rule 24, and therefore exempted pursuant to Ark. Code Ann. §23-64-501(c); and~~
- E. ~~applicants licensed as a producer in good standing in another state under the Producer License Model Act, who thereafter move to Arkansas, who establish residency within the period required under Arkansas law, and who thereafter apply for a resident producer license.~~

SECTION 4. EFFECTIVE DATE

This rule shall be effective ~~December 30, 1991~~. May 1, 2006.

SECTION 5. COURSE REQUIREMENTS

- L. A. All ~~candidates~~ applicants for an Arkansas life ~~line of authority~~ and/or disability agent's license, for a health maintenance organization agent's license and for a fraternal benefit society agent's license are hereby required to complete a course of instruction with a minimum of ~~36~~ twenty (20) hours of ~~classroom~~ instruction which includes, but is not limited to, all of the following, as applicable:

1.	Introduction to Insurance	<u>1 hour</u>
2.	State Insurance Laws and Rules Regulations <u>Not Less than Five Hours</u> (Classroom hours	<u>5 hours</u>

	<u>only)</u>	
3.	Life Insurance Basics	5 hours
4.	Life Insurance Policies, Policy Options, and Policy Provisions	5 hours
5.	Annuity Contracts	3 hours
6.	Health Insurance Basics <u>Ethics (Classroom hour only)</u>	1 hour
7.	Health Insurance Policy Provisions	
8.	Disability Income Insurance	
9.	Medical Expense Insurance - Including Medicare Supplement Ins.	

- B. All applicants for an Arkansas accident, health, and sickness (“A/H/S”) line of authority are hereby required to complete a course of instruction with a minimum of twenty (20) hours of instruction which includes, but is not limited to, all of the following, as applicable:

1.	<u>Introduction to Insurance</u>	1 hour
2.	<u>State Insurance Laws and Rules (classroom hours only)</u>	5 hours
3.	<u>Health Insurance Policy provisions</u>	3 hours
4.	<u>Disability Income Insurance</u>	2 hours
5.	<u>Medical Expense Insurance</u>	1 hour
6.	<u>Medicare Supplement Insurance</u>	1 hour
7.	<u>Long Term Care</u>	2 hours
8.	<u>Social Security and Medicare</u>	2 hours
9.	<u>Group Insurance</u>	1 hour
10.	<u>Health Maintenance Organizations</u>	1 hour
11.	<u>Ethics (Classroom hour only)</u>	1 hour

- C. All applicants for a casualty line of authority are hereby required to complete a course of instruction with a minimum of twenty (20) hours of instruction which includes, but is not limited to, all of the following:

1.	<u>Introduction to Insurance</u>	1 hour
2.	<u>State Insurance Laws and Rules (classroom hours only)</u>	5 hours
3.	<u>Ocean (Wet Marine) and Inland Marine Insurance</u>	1 hour
4.	<u>General Liability Insurance</u>	2 hours
5.	<u>Automobile Insurance and Assigned Risk Plans, including Personal (“AIPSO”) and Commercial (“CAIP”)</u>	5 hours
6.	<u>Workers' Compensation and Assigned Risk Plan</u>	3 hours
7.	<u>Commercial Crime Insurance and Fidelity Bonds</u>	1 hour
8.	<u>Surety Bonds</u>	1 hour
9.	<u>Ethics (Classroom hour only)</u>	1 hour

- B.D. All candidates applicants for a property and casualty license as agent, broker, solicitor, or consultant line of authority are hereby required to complete a course of instruction with a minimum of ~~36~~ twenty (20) hours of ~~classroom~~ instruction which includes, but is not limited to, all of the following:

1.	Introduction to Insurance and Laws Governing Insurance	1 hour
2.	State Insurance Laws and Rules Regulations (Not Less Than Five Hours) (Classroom hours only)	5 hours
3.	Fire and Allied Lines; and Assigned Risk Plans (“ARRUA”)and Arkansas Earthquake Authority (AEQA)	4 hours
4.	Homeowners Policies and Other Multiple-Line <u>Multiple-Line Products</u>	5 hours
5.	National Flood Insurance-Federal	0.5 hour
6.	Ocean and Inland Marine Insurance-Commercial Property and Commercial Crime Insurance	3 hours
7.	Crop Insurance - FEDERAL (“FCIC”)	0.5 hour
8.	General Liability Insurance <u>Ethics (Classroom hour only)</u>	1 hour
9.	Automobile Insurance and Assigned Risk Plan	
10.	Workers' Compensation and Assigned Risk Plan	
11.	Commercial Crime Insurance and Fidelity Bonds	

12.	Surety Bonds	
-----	--------------	--

C. ~~Any applicant for life, disability, HMO and/or fraternal benefit society license and the property/casualty agent's license may combine the five hours of instruction on state regulation.~~

E. All applicants for a personal line of authority (non-commercial), called "Personal Lines", are hereby required to complete a course of instruction with a minimum of twenty (20) hours of instruction which includes, but is not limited to, all of the following:

1.	<u>Introduction to Insurance</u>	<u>1 hour</u>
2.	<u>State Insurance Laws and Rules (Classroom hours Only)</u>	<u>5 hours</u>
3.	<u>Fire and Allied Lines; including Manufactured Houses; and Assigned Risk Plans ("ARRUA") and Arkansas Earthquake Authority (AEQA)</u>	<u>2 hours</u>
4.	<u>Homeowners Policies and Other Multiple-Line Products and Assigned Risk Plans ("ARRUA" or "AEQAA") and Arkansas Earthquake Authority);</u>	<u>5 hours</u>
5.	<u>Automobile Insurance and Assigned Risk Plans</u>	<u>5 hours</u>
6.	<u>Flood Insurance – Federal</u>	<u>1 hour</u>
7.	<u>Ethics (Classroom hour only)</u>	<u>1 hour</u>

II. EXCEPTIONS. Notwithstanding the provisions of Subsection (I) above, an applicant for a new or additional line of authority shall be exempt from the five (5) hours of State Insurance Laws and Rules portion for:

- A. Life
- B. Accident/Health/Sickness
- C. Casualty
- D. Property
- E. Personal Lines (non-commercial)

if the applicant has successfully completed this portion of the pre-license education within two (2) years of the filing date of his application for a new or additional line of authority. This exemption or waiver is provided by Ark. Code Ann. §23-64-202, as amended by Act 1948 of 2005.

- III. A. Subsections I and II of Rule Section 5 apply to both classroom and/or electronic courses of study.
- B. Education course providers shall file procedures with the Department to illustrate that the electronic courses may be verified as self-study, and shall detail the exact length of time that the license applicant spends on the course.
- C. No more than five (5) hours per line of authority shall consist of electronic coursework for pre-licensing education under this rule.
- D. For classroom courses, the identity of the applicant and the length of time spent in that course must be monitored by the Instructor in the classroom.

SECTION 6. INSTRUCTOR AND ELECTRONIC EDUCATION INSTRUCTOR/PROCTOR QUALIFICATIONS

- A.1. Instructors must have had specific insurance training or educational experience satisfactory to ~~the Insurance Advisory Examining Board~~ and approved by the State Insurance Commissioner in order to be certified to teach any part of an approved course. Each instructor must have ~~five (5)~~ three (3) or more years of specific insurance experience and/or education in each part of the insurance training program in which he/she instructs and must be approved prior to teaching any course, or any part of a course, by ~~the Insurance Advisory Examining Board~~ and the Insurance Commissioner.
- 2. Individuals who will act as an electronic education instructor/proctor of electronic education courses must have the same credentials as an instructor as provided by this rule.
- 3. Any instructor/proctor must be a disinterested third party with regard to performing

his/her duties in connection with any student doing classroom or electronic coursework under this rule. Violators may lose Department approval to serve as an instructor/proctor.

4. Applicants for approval as ~~an a classroom instructor, or electronics course instructor/proctor~~ shall complete and submit Bulletin Appendix 4 to the ~~Insurance Advisory Examining Board c/o~~ Arkansas Insurance Department.
- B. No person will be approved as an instructor/proctor who has received disciplinary action by the Arkansas Insurance Department, the Insurance Department of another state, or any ~~similar regulatory or governmental body, or state or federal court~~. The Commissioner shall have the authority to waive this requirement upon written request by the applicant, after a hearing to determine the applicant's qualifications. The applicant shall have the burden of proving his or her qualifications to the Commissioner, to meet eligibility for serving as an instructor or proctor.
- C. This rule prohibits the provider's officials, owners, instructors, or proctors sitting for the licensing exam under permit; not for the purpose of obtaining individual Arkansas licenses themselves, which is permitted, but for the purpose of learning test questions in order to aid the provider's customers and/or to improve a provider's pass-fail rate. Any such entity or person discovered to have done this will lose Department approval to participate in the pre-licensure education program under this rule, in addition to any other applicable penalties.
- D. This rule authorizes the Department to compare the end-of-course examinations with Department examination results at any time, without prior notice to the course provider, its owners or managers, instructors, or proctors.

SECTION 7. COURSE PROVIDER REQUIREMENTS

- A. Application for approval as a course provider shall be submitted to the ~~Insurance Advisory Examining Board c/o~~ Arkansas Insurance Department not less than ~~sixty (60)~~ thirty (30) days prior to the expected use of the program. A course provider shall include the following information in duplicate:
 1. Detailed description of the classroom or electronic course instruction program, including a course outline and list of resource materials.
 2. Completion of Bulletin Appendix 1 for the initial certification; or completion of Bulletin Appendix 2 upon any change in curriculum or instructor.
 3. Schedules of classes for all locations. These shall include local or remote electronic education courses, as well.
- B. Changes in class schedules are to be filed with the Insurance Department no later than two (2) weeks before each class begins. Course providers may file in writing or electronically a change or addition to the class schedule with the Department one (1) week in advance as to a single course scheduled for an individual.
- C. The ~~Board~~ Commissioner may consider the type of facility to be used for training, the sufficiency of teaching aids, and the exclusive use of that portion of the facility being used for training, in making a determination to certify the provider.
- D. The course provider shall maintain detailed attendance records for all ~~students applicants~~ for all classes for three (3) years following completion of the classes. ~~Rosters of attendees,~~ including courses completed and completion dates, shall be maintained ~~as a permanent record~~

~~for a minimum of two (2) years by course providers. These records may be reviewed by the Commissioner, and the Board. In this regard, any studying which is not conducted under the direct supervision of the classroom instructor at the facility during scheduled classes may not be credited toward completion of the required thirty-six (36) twenty (20) hours; and electronic course providers must verify and confirm to the Department the work done by electronics course students, for proper crediting of electronic hours.~~

SECTION 8. PROGRAM REVIEW

~~The Board and the~~ The Department shall have the authority to visit a training facility and review its program at any time, including, but not limited to, curriculum records, and attendance records.

SECTION 9. LICENSING PROCEDURE OF APPLICANT

- A. The required hours of ~~classroom~~ instruction ~~may~~ must be completed prior to the date of the licensing examination; ~~but not later than sixty (60) days after the license is issued. If the applicant fails to complete the required classroom instruction within sixty (60) days of licensing, the applicant will be required to apply as if he had never taken the insurance examination.~~
- B. The instructor or designated official of the provider is responsible for transmitting the certification of completion of required hours to the Insurance Department immediately upon the applicant's completion of the course. The instructor or designated official of the course provider shall complete an original and one (1) copy of each individual certification, Bulletin Appendix 3 or Bulletin Appendix 3(A), and forward such to the Insurance Department with a self-addressed stamped envelope, to give to the course attendee or applicant. ~~The Insurance Department will return a copy indicating proof of receipt to the instructor or designated official of the provider. Failure of the instructor or the designated official of the provider to file the certification within the time required will be considered a violation of this Regulation. The Certificate must include the type and length of study, either by live classroom instruction and/or by electronic media, selected by the course provider.~~
- C. Each individual certification must be on the form as shown in Bulletin Appendix 3 or Bulletin Appendix 3(A) and must be signed by the applicant and the instructor or designated official of the course provider where more than one instructor is used. ~~The Insurance Department must actually receive certification within sixty-five (65) days of the date the license is issued.~~

~~If the required certification is not received by the Insurance Department within sixty-five (65) days of the issuance of license, the license will be terminated. In such case where the applicant has actually completed the required classroom instruction within sixty (60) days of licensing, but the certification is not received by the Insurance Department within the required sixty-five (65) days, the course provider must pay any reappointment fees required prior to reissuance of the license. The individual original certification must be presented by the student to the exam vendor at the time the candidate is scheduled to sit for the exam. If the candidate fails to present the original certification to the exam vendor, the candidate will not be allowed to sit for the exam; but must reschedule the exam for another time. The exam vendor will collect all valid certifications and file those with the Department along with the applications or other necessary documents, if and as needed.~~

SECTION 10. COMPLETION OF COURSE REQUIREMENTS

Educational requirements must be completed no more than two (2) years prior to taking the license exam for

course certification to be valid.

SECTION 11. VIOLATIONS

~~Pursuant to the Administrative Procedure Act and this rule, Department approval of instructors and course providers of instruction courses may be suspended or revoked withdrawn for violations of this rule, and pertinent provisions of the Arkansas Insurance Code upon notice and hearing.~~

SECTION 12. SEVERABILITY

Any section or provision of this rule held by a court to be invalid or unconstitutional will not affect the validity of any other section or provision of this rule.

APPENDIX 1

TO: Arkansas Insurance Department
Licensing Division
University Tower Building
12th and University
Little Rock, Arkansas 72204

(SUBMIT IN DUPLICATE)

Name of Training Facility _____

Address _____

Name and Telephone Number
of contact person _____

Course of Study _____
(Property/Casualty or Life and Disability)

Location and Street Address
Where Course will be Held _____

ATTACH FOLLOWING DOCUMENTS

- 1) Course Outline
- 2) List of Resources Materials
- 3) Names of Instructors and Qualifications with a completed Form as in Appendix 4 for each instructor
- 4) Schedule of Classes pursuant to Section 6
- 5) Name of Instructor(s) serving as Designated Official(s) of the Provider

(Typed Name of Training Facility Official)

(Signature of Training Facility Official)

(Date)

FOR DEPARTMENT USE ONLY

APPROVED BY: _____ **DATE:** _____
DISAPPROVED BY: _____ **DATE:** _____

APPENDIX 2

To: Arkansas Insurance Department
Licensing Division
University Tower Building
12th and University
Little Rock, Arkansas 72204

(SUBMIT IN DUPLICATE)

CHANGE IN CURRICULUM OR INSTRUCTOR

Name of Training

Facility _____

Address _____

Name and Telephone Number
of contact
person _____

The following changes have been made in our Course Curriculum
and/or Instructors:

(Attach the Applicable Changes)

- 1) Course Outline
- 2) List of Resource Materials
- 3) Names of Instructors and Qualifications
- 4) Names of instructors serving as Designated Officials of Provider

(Typed Name of Training Facility Official)

(Signature of Training Facility Official)

(Date)

FOR DEPARTMENT USE ONLY

APPROVED BY: _____ DATE: _____
DISAPPROVED BY: _____ DATE: _____

APPENDIX 3

To: Arkansas Insurance Department
 License Division
 400 University Tower Building
 Little Rock, AR 72204

(SUBMIT IN DUPLICATE)

This is to certify that the following person has satisfactorily completed 36 hours of classroom instruction in the area of **Life and Disability**:

Student Name _____

Residence Address _____

Social Security No. _____ Date of Birth _____

Agency or Company Sponsor _____

Name of Approved Training Facility _____

Date of Course Completion _____

Classes were conducted on the following dates covering the following subject areas:

Subject Area	Date	Number of Hours Completed
Introduction to Insurance		
State Insurance Regulations (Not Less Than Five Hours)		
Life Insurance Basics		
Life Insurance Policies and Policy Provisions		
Life Insurance Policy Options ("Settlement") and Annuities		
Health Insurance Basics		
Health Insurance Policy Provisions		
Disability Income Insurance		
Medical Expense Insurance - Including Medicare Supplement Ins.		
Testing on Above Subjects*		
Other:		
TOTAL NUMBER OF HOURS COMPLETED=		

We acknowledge that falsifying this statement will result in disciplinary action taken against us by the Arkansas Insurance Department:

 (Typed Name of Student)

 (Typed Name of Instructor)

 Signature of Student)

 (Signature of Instructor)

 (Date Signed)

 (Date Signed)

*No more than three (3) credit hours allowed for testing.

APPENDIX 3A

To: Arkansas Insurance Department
License Division
400 University Tower Building
Little Rock, AR 72204

(SUBMIT IN DUPLICATE)

This is to certify that the following applicant has satisfactorily completed 36 hours of classroom instruction in the area of **Property and Casualty**:

Student Name _____

Residence Address _____

Social Security No _____ Date of Birth _____

Agency or Company Sponsor _____

Name of Approved Training Facility _____

Date of Course Completion _____

Classes were conducted on the following dates covering the following subject areas:

Subject Area	Date	Number of Hours Completed
Introduction to Insurance and Laws		
Governing Insurance		
State Insurance Regulations		
(Not Less Than Five Hours)		
Fire and Allied Lines		
Homeowners Policies and Other		
Multiple-Line Products		
National Flood Insurance		
Ocean and Inland Marine Insurance		
Crop Insurance		
General Liability Insurance		
Automobile Insurance and		
Assigned Risk Plan		
Workers' Compensation and		
Assigned Risk Plan		
Commercial Crime Insurance and		
Fidelity Bonds		
Surety Bonds		
Testing on Above Subjects*		
Other:		
TOTAL NUMBER OF HOURS COMPLETED=		

We acknowledge that falsifying this statement will result in disciplinary action taken against us by the Arkansas Insurance Department.

(Typed Name of Student)

(Typed Name of Instructor)

(Signature of Student)

(Signature of Instructor)

(Date Signed)

(Date Signed)

*No more than three (3) credit hours allowed for testing.

APPENDIX 4

To: Arkansas Insurance Department
Licensing Division
University Tower Building
12th and University
Little Rock, Arkansas 72204

(SUBMIT IN DUPLICATE)

APPLICATION FOR APPROVAL AS INSTRUCTOR

1) Name _____

Address _____

Phone: Office () _____ Home () _____

2) Name and Address of Current Employer _____

3) Name of Sponsoring Training Facility _____

Address _____

4) Please list all resident and non-resident insurance licenses you currently hold as agent, broker, solicitor, consultant, adjuster, managing general agent, etc.: _____

5) Please summarize your insurance experience and training, totaling five (5) years (Attach additional sheets, if necessary): _____

6) Please summarize your insurance education, including, but not limited to college/university insurance course(s) hours; insurance seminars and training course(s); number of hours completed toward certifications such as CLU, CPCU, FLMI, LOMA, etc. (Attach additional sheets, as necessary):

[Note: As specific training on insurance is a prerequisite, please do not include general education hours or degrees, such as BA or MBA Degrees in Business, Marketing, etc.]

[Appendix 4 is continued on next page.]

APPENDIX 4 (Continued)

7) Courses of study at Training Facility for which you propose to serve as Instructor: _____

ATTACH FOLLOWING DOCUMENTS:

- a) Resume or Curriculum Vitae, if any;
- b) Appendix 2 completed by Training Facility Official; and
- c) As to non-resident applicants only, please attach written verification from your domiciliary state insurance department confirming that you have held an insurance license(s) for a minimum of five (5) years, and that your license(s) has not ever been suspended or revoked.

Name of Applicant

Subscribed to and sworn or affirmed before me this _____ day of, _____,
19____.

Notary Public

My Commission expires:

FOR DEPARTMENT USE ONLY

APPROVED BY: _____
DATE: _____
DISAPPROVED BY: _____
DATE: _____